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FIFTH COMMITTEE
7th meeting
held on
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at 10 a.m.
New York

SUMMARY RECORD OF THE 7th MEETING

Chairman:	Mr. DINU	(Romania)
later:	Mr. ZAHID (Vice-Chairman)	(Morocco)
later:	Ms. ROTHEISER (Vice-Chairman)	(Austria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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* Items considered together.

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The meeting was called to order at 10.40 a.m.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued) (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/47/484)

1. Mr. QAISAR (Pakistan) said that the United Nations needed to take immediate action to encourage Member States to meet their financial obligations under the Charter on time and in full. Unless it resolved the fundamental problem of arrears, it would be financially unable to realize its new potential. Expanding the Working Capital Fund and creating various other funds, as proposed by the Secretary-General in annex I to his report on the financial situation of the United Nations (A/C.5/47/13), might not solve the problem if most of the money continued to come from the same overburdened Member States that had consistently fulfilled their financial obligations.

2. Pakistan agreed in principle with the proposal to create a temporary Peace-keeping Reserve Fund of $50 million and supported the establishment of a revolving peace-keeping reserve fund of $50 million, as proposed in the Secretary-General's Agenda for peace (A/47/277). The recommended increase in the Working Capital Fund, which had declined dramatically over the years as a percentage of authorized appropriations, was all the more necessary in view of the Organization's expanding responsibilities in the area of peace-keeping. With respect to the creation of a United Nations Peace Endowment Fund, while the Fund itself was desirable, the initial target - almost equivalent to the regular budget for one year - was perhaps overambitious. Furthermore, it was important to ensure that contributions to it did not compromise the United Nations in any way.

3. With regard to the proposal to charge interest on the amount of assessed contributions that were not paid on time, he pointed out that some countries were unable to pay on time for technical reasons inherent in their national financial systems. Perhaps interest charges could be applied only to Member States whose arrears remained above a certain percentage of their annual assessment for a year, in the case of the regular budget, or for a biennium, in the case of peace-keeping contributions.

4. The idea of having the General Assembly immediately appropriate one third of the estimated cost of each new peace-keeping operation was workable and would help to ensure timely deployment. The retention of budgetary surpluses,

(Mr. Qaisar, Pakistan)

on the other hand, was acceptable only on a temporary, ad hoc basis. The proposal that the Secretary-General should be authorized to borrow commercially was inadvisable because of the associated interest costs, which, in addition to representing an added financial burden, would be borne by all Members of the Organization, not just those which were late with their payments.

5. With respect to the suggestion that the Secretary-General should be allowed to place contracts without competitive bidding under exceptional circumstances, he would like to know exactly what circumstances might necessitate such action. His delegation wished to reserve comment on the proposals in part C of annex I to the report, since none of them had been elaborated on, with the exception of subparagraph (e), "changes in the formula for calculating the scale of assessments for peace-keeping operations", which was dealt with in document A/47/484. In that connection, he wished to reiterate his delegation's long-standing position that any realistic approach to apportioning the costs of peace-keeping operations should continue to take into account the special responsibility of the permanent members of the Security Council and the fact that the more developed countries should be able to make larger contributions than the less developed ones. In addition, constant efforts were required to make peace-keeping operations more cost-effective.

6. Mr. MARUYAMA (Japan) said that there was no need for his delegation to reiterate its position on the proposals made by the Secretary-General in his report to the General Assembly at its forty-sixth session (A/46/600/Add.1) and further elaborated in his current report (A/C.5/47/13). The time had come for action rather than further discussion.

7. Fortunately, the financial crisis had eased somewhat in the interval between those two reports. The largest contributor was once again paying its assessment in full and the third largest contributor had begun to follow through on its own commitment to pay. Member States had become significantly more responsive to the Organization's rapidly growing need for resources to finance its operations in Cambodia and Yugoslavia, and the cash balance for peace-keeping operations had improved in general. Nevertheless, the financial crisis remained quite real. To date, the United Nations had managed to cope with arrears in the amount of $800 million only by building up a debt to Member States of roughly equivalent size.

8. Japan was deeply concerned by the unhealthy practice of internal borrowing to provide a de facto buffer reserve fund for rapidly growing peace-keeping operations. Since the level of resources in the regular budget had remained fairly constant, in order to improve cash management, part of the arrears that were paid into the General Fund (regular budget) should be used to constitute a future reserve fund for the start-up of peace-keeping operations.

(Mr. Maruyama, Japan)

9. Given the current proportion of expenditures on peace-keeping operations to total expenditures, those operations had a tremendous impact on the financial management of the Organization. Since it was impossible to predict when peace-keeping operations would need to be launched and how big they would need to be, Member States could not be expected to allocate resources for them far in advance. Moreover, while Member States might be able to make progress in reducing their arrears, the problem of delayed payment had more to do with their financial and fiscal systems than with their willingness to pay.

10. The solution must be institutional. Agreement must be reached at the current session on expanding the reserve funds for start-up activities, not only because a more serious financial shortfall was expected after December 1992, but also because long-term projections suggested that the financial requirements of peace-keeping operations would continue to grow.

11. His delegation intended to submit a draft resolution with a view to ensuring that the financial requirements for the start-up of peace-keeping operations could be met without any new financial burden being imposed on Member States. Japan's proposal would involve the establishment, within the Working Capital Fund, of a new component for peace-keeping operations in the amount of $150 million. That component would be secured by crediting to it the amount realized through the application of payments of arrears and those amounts which were retained pursuant to the suspension of the Financial Regulations in respect of the regular budget, and by transferring to it the savings arising from the liquidation of obligations, together with interest and miscellaneous income from the United Nations Transition Assistance Group (UNTAG) and the United Nations Iran-Iraq Military Observer Group (UNIIMOG). The regular budget might also have access to the funds made available under that component. Adoption of such a proposal would increase the funds available for the start-up of operations.

12. The Committee should also develop a comprehensive policy for the mobilization and management of the financial, human and material resources needed for peace-keeping operations, with due regard for maximum efficiency and cost-effectiveness. Such an approach would include the reorganization of the appropriate Secretariat units so as to improve planning and coordination; the development of a means of mobilizing and managing resources and equipment from interested States; a strengthening of the procedures relating to peace-keeping budgets, including the issuance of assessment letters; the preparation of accurate estimates and evaluations of expenditures, and the disposal of any surpluses; a review of the practice of using regular staff members for mission posts and of the function of the Support Account for Peace-Keeping Operations; improvement of the practices relating to the calculation of expenditures incurred by the Organization in peace-keeping operations; and reconsideration of the policy relating to the reserve stock of equipment and supply items for peace-keeping operations. The adoption of such measures would improve accountability and credibility and encourage Member States to pay assessments in full and on time.

(Mr. Maruyama, Japan)

13. With regard to the Secretary-General's proposals that one third of the estimated cost of any new operation should be appropriated at the outset and that some contracts might be entered into without competitive bidding, his delegation would prefer not to consider other measures until the issues it had raised had been addressed.

14. Mr. Zahid (Morocco), Vice-Chairman, took the Chair.

15. Mr. CHEW (Singapore) said that his country, which had always supported and contributed to United Nations peace-keeping operations, agreed that the Organization should continue to streamline and refine its methodology for apportioning the costs of peace-keeping operations financed through assessed contributions. The original method of apportioning those costs, described in paragraph 2 of the Secretary-General's report on that subject (A/47/484), had divided the Member States into four groups based primarily on their capacity to pay, the main criterion being national income. In order to correct perceived anomalies in the old method, the Secretary-General now proposed that per capita national income might be used as a criterion. His delegation believed the inequities that would be introduced by the new method would dwarf any anomalies perceived in the old one. National income had originally been chosen because it was the most equitable criterion available. The proposed new criterion was inherently biased against the less populated countries. All of the 10 Member States that would be affected by the proposal had small populations and relatively little international influence. Moreover, the cut-off figure of $5,000 beyond which a country would be moved from group (c) to group (b) appeared entirely arbitrary. Lastly, although one of the main aims of the proposed change was supposedly to ease the financial burdens on groups (c) and (d) (the less developed and the least developed States), the actual result would be to decrease the amount paid by groups (a) and (b) (the permanent members of the Security Council and the developed countries). The only group to suffer an increase would be group (c).

16. If the new method was implemented as described, it would only confirm the existing perception of discrimination against small and less developed States. Small States were already proportionally underrepresented in the principal organs of the United Nations and on the governing councils and boards of its specialized agencies. They were also poorly represented in the Organization's higher echelons and professional ranks. For that and the other reasons he had mentioned, his delegation could not accept the proposed change. Until a more equitable proposal could be formulated, it believed that the present system for the apportionment of costs should be retained.

17. Mr. PENEV (Bulgaria) said that there was a clear link between the efforts to enable the United Nations to meet present-day challenges more effectively and the need to enhance its financial capacity. He agreed with the Secretary-General that the precarious financial situation was due basically to the failure of Member States to pay their assessed contributions in full and on time. Despite a difficult period of economic transition, his own country

(Mr. Penev, Bulgaria)

had met its obligations to the regular budget in full, thereby demonstrating the priority it attached to United Nations activities. In order to tackle the root causes of the grave and persistent financial crisis, it was essential to focus on three points. First, full advantage should be taken of the opportunities provided by the new budgetary process so that all Member States would feel a sense of responsibility for meeting their financial commitments. Second, Member States must be made more aware that the Organization's activities responded to their fundamental needs, while the Secretariat should strive for increased cost-efficiency and accountability. Third, the current mechanism for the collection of assessed contributions needed to be reviewed. Because of the inflexibility of national budgetary procedures, the one-month deadline for meeting financial obligations frequently posed problems. He welcomed the suggestion made by the representative of Canada that the date for the payment of contributions need not necessarily coincide with the beginning of the calendar year. An alternative option used in other international bodies would be to have contributions paid in two separate instalments. Any such changes should not, however, disrupt the Organization's activities and he would welcome the Secretariat's views on the matter.

18. He welcomed the proposals put forward by the Secretary-General with a view to resolving the problem of non-payment, but agreed with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that they needed further refinement, particularly the proposal that interest should be charged on outstanding contributions, which needed to be viewed in a broader context if it was to achieve its desired effect. Consideration should also be given to the valuable ideas put forward in the working group which had examined the question of establishing incentives to pay. An increase in the Working Capital Fund was needed, but should not be seen as a means of offsetting the high level of unpaid contributions. It was more important to consider how effective it would be in solving the problem of the lack of reserves.

19. The importance of peace-keeping operations was highlighted by the fact that the current year's assessments for such operations exceeded the amount assessed under the regular budget. The main problems were the failure of Member States to pay their contributions on time, the need for timely and adequate financing during the start-up period, and the difficulties in reimbursing troop-contributing countries. The Secretary-General's proposal regarding the establishment of a revolving peace-keeping reserve fund to meet the start-up costs of operations was welcome and should provide a long-term solution. His delegation would also support an arrangement for the allocation of a fixed percentage of the defence budgets of Member States for the financing of peace-keeping activities, since there was no question that peace-keeping also made a significant contribution to national efforts to achieve security and stability. The failure of Member States to pay their contributions on time in turn affected the Organization's ability to reimburse troop-contributing countries and thus placed an additional burden on those States and undermined their willingness to continue to support peace-keeping operations. The present "hand-to-mouth" pattern of reimbursement should be

(Mr. Peney, Bulgaria)

replaced by a mechanism for timely and smooth reimbursement of peace-keeping services, which would function independently of the payment of contributions. The proposed reserve fund would offer a partial solution; any experience gained thereby could be useful in devising a comprehensive reimbursement mechanism.

20. A related problem was the imposition of mandatory sanctions under Article 41 of the Charter. In view of the increasing use of such sanctions, they should be regarded as a comprehensive United Nations operation with an integrated budget, in order to help Member States to alleviate any economic burdens resulting from the observance of sanctions.

21. Mr. Dinu (Romania) resumed the Chair.

22. Mr. RICHARDSON (United Kingdom), speaking on behalf of the European Community and its member States, said that the origin of the persistent financial difficulties of the United Nations lay in the withholding of assessed contributions. Certain States which did not hesitate to call on the good offices of the Organization were at the same time willing to allow its financial situation to deteriorate. Those States seemed to trust that the Organization would always be financed by the States that met their obligations fully, promptly and unconditionally. The latter included the States members of the European Community, which accounted for over 30 per cent of assessed contributions, a figure which would be even higher if account were taken of payments actually made and of the substantial efforts made by those members of the Community which contributed troops. The only answer to the current financial situation was for all Member States to pay their assessed contributions promptly and in full, in accordance with their legal obligations under the Charter.

23. While he welcomed the information contained in the reports of the Secretary-General (A/C.5/47/13 and A/46/600 and Add.1-3), he was concerned about the way in which the figures for outstanding contributions were presented. It was inappropriate to qualify contributions as outstanding when they were not yet so under the terms of financial regulation 5.4. A distinction should be drawn between contributions which had been outstanding for less than one year and those which had been outstanding for longer. In many cases, moreover, it was the Organization that owed money to Member States.

24. The various proposals put forward for easing the financial crisis, such as commercial borrowing, taxes on trade and services and even a lottery, were all open to the objection that they would increase the burden on those Member States that did take their obligations seriously, without offering any guarantee that the performance of others would improve. The Twelve had supported the repeated suspension of financial regulations 4.3, 4.4 and 5.2 on a case-by-case basis to ensure the continued functioning of the United Nations, but the practice could not be continued indefinitely.

(Mr. Richardson, United Kingdom)

25. None of the various schemes considered would actually be necessary if all Member States paid their assessed contributions in full. It was time to consider introducing specific incentives; the Twelve were ready to enter into informal consultations on the matter, drawing on the experience of other organizations within the system. They also felt that the Financial Regulations did not adequately reflect the interests of States which paid promptly and in full.

26. The same need for prompt and full payment of assessed contributions applied to peace-keeping operations. He was concerned at the regularity with which appropriations exceeded actual expenditure in peace-keeping accounts, even after the reductions recommended by ACABQ. He would welcome further comments from the Secretariat and any additional information from the Chairman of the Advisory Committee regarding its practice in examining the budgets of peace-keeping operations, as their number and complexity increased.

27. Peace-keeping requirements were frequently unforeseen and the capacity to respond rapidly depended in the short term on the availability of financial resources. The Committee should therefore consider the specific proposals put forward by the Secretary-General in his report entitled "An Agenda for peace" (A/47/277). The European Community supported the establishment of a peace-keeping reserve fund, subject to negotiation on the details. In that connection, he recalled the view expressed by ACABQ that a prior policy decision was required on the financing of such a fund. Moreover, account should be taken of the interests of those Member States which had fulfilled their obligations.

28. Mr. AYEWAH (Nigeria) said that Member States must fulfil their financial obligations to the Organization, if they wanted it to meet their growing expectations. While sympathizing with the Secretary-General's view that the financial crisis was due largely to the failure of Member States to pay their assessed contributions in full and on time, he felt bound to point out that the worsening economic situation of most developing countries was also responsible for their late payments. A further factor was the unilateral decision by some Member States to withhold their payments in order to compel the Organization to conduct itself in accordance with their special interests. The United Nations belonged to its entire membership and all Member States had a duty to ensure that it was viable and solvent.

29. His delegation could not, however, agree with the Secretary-General's proposal to impose interest charges as a penalty for late payment, since it would place a further burden on those States which had been unable to pay their initial assessment. He also opposed the proposal to allow commercial borrowing in order to obtain temporary relief, since it would not only impose the additional burden of interest payments on Member States but would also jeopardize the prestige and independence of the Organization. Other cost-saving measures should therefore be explored, such as financial prudence and improved coordination of activities at all levels within the United Nations system.

(Mr. Ayewah, Nigeria)

30. He welcomed the proposal regarding the establishment of a peace-keeping reserve fund to facilitate the start-up costs of new operations and agreed with the Secretary-General that it could be established from the unencumbered balance from operations already concluded. In his view, there was no need for a further increase in the Working Capital Fund since it would impose an additional burden on Member States. He agreed with the ACABQ that the establishment of a peace endowment fund required a prior policy decision by the General Assembly. If, however, the major contributors paid their assessments on time, there would be no need for special funds. His own country would continue to do its best to pay its assessed contribution on time despite its declining economy, and he urged all States which were in arrears to fulfil their obligations both to the regular budget and to peace-keeping operations.

31. While he would support any reasonable measure to widen the financial base, he could not accept any proposals that advocated zero growth as a principle to be applied to the United Nations budget. Given the current socio-economic situation in developing countries, particularly in Africa, any cuts in important United Nations economic and social programmes for those countries would have a direct impact on their development

32. The Secretary-General should continue to urge Member States to pay their assessed contributions in full or in part and should continue to keep Member States regularly informed of the financial position of the Organization.

33. His country was aware of the importance of peace-keeping in maintaining international peace and security and had taken part in nearly all the peace-keeping operations since joining the United Nations in 1960. It was therefore seriously concerned at the way in which unpaid arrears of assessed contributions were increasing the debt owed to troop-contributing countries, which might be dissuaded by domestic pressures from meeting requests for future operations.

34. Ms. Rotheiser (Austria), Vice-Chairman, took the Chair.

35. Mr. DANKWA (Ghana) said that the Secretary-General's proposals for dealing with the financial situation of the United Nations demanded an appropriate response from the Committee. Those proposals not only reflected a legitimate concern about the precarious and inadequate financing of the Organization's activities, but also called in question the political commitment of Member States. As the Secretary-General had put it in his "Agenda for peace": "Our vision cannot really extend to the prospect opening before us, as long as our financing remains myopic" (A/47/277, para. 69).

36. In his delegation's view, non-payment and late payment were the two main issues that should be addressed by any proposals to remedy the financial situation. According to the Secretary-General's most recent report (A/C.5/47/13), payments of assessed contributions to the regular budget had

(Mr. Dankwa, Ghana)

fallen from 72.1 per cent in 1985 to 61 per cent in 1991. The fact that less than 100 per cent of assessed contributions was paid could result in either over-budgeting or the non-implementation of certain programmes. Over-budgeting imposed unnecessary burdens on Member States and corrective measures to lighten that burden might induce more Member States to pay. The non-implementation of certain programmes because of insufficient funding, on the other hand, violated the spirit of the programme budget. It might also indicate an underutilization of staff resources.

37. Under financial regulation 5.4, Member States were required to pay their assessed contributions within 30 days of the receipt of notification. Any contribution not paid after the 30 days was outstanding. In recent years, his delegation had begun to wonder whether it might not be politically advantageous for a Member State, particularly a major contributor, to pay all or part of its contribution just as the regular budget and assessed peace-keeping operations were about to run out of money. The publicity won by such late payments was a disincentive to full compliance with regulation 5.4.

38. His delegation was gratified that, by 30 September 1992, more Member States had paid their regular budget contributions than at the same date in 1991 or 1990. The improvement was not very noticeable because of the failure to pay of the third largest contributor. His delegation believed that every Member State, whether it was a major or a minor contributor, should discharge its financial obligations.

39. His delegation fully appreciated the need to secure full funding at the beginning of the programme budget year in order to allow for the full and timely implementation of all programmes, but it had learned from experience that it was unrealistic to expect all Member States, at differing distances from Headquarters and operating under different bureaucratic regimes, to be able to comply with regulation 5.4. A law that did not command general respect was as unhelpful as no law. Regulation 5.4 should be reviewed to bring it into line with reality, if it was to attract compliance by the full membership.

40. The test of the various proposals set forth in the Secretary-General's report (A/C.5/47/13) should be the effect of each on the cash-flow situation of the Secretariat and its implications for the Organization as a whole. With regard to the proposal to charge interest, his delegation doubted that there would be any positive effect on the cash-flow situation. It was even likely that more Member States might not pay. It would certainly add to the burdens of those Member States which paid in full but did so late because of their national financial regulations. Moreover, the Organization had no capacity to enforce the interest charge. His delegation therefore found the proposal unrealistic.

41. His delegation was also opposed to the proposal regarding the suspension of certain financial regulations to permit the retention of budgetary

(Mr. Dankwa, Ghana)

surpluses. Financial discipline required such decisions to be taken on a case-by-case basis, as had been the practice in the General Assembly in recent years. Permanent suspension would introduce complications into the new budgetary process.

42. The proposal that the Secretary-General should be authorized to borrow commercially would obviously improve the cash-flow situation, but the legal, budgetary and other implications made it unattractive.

43. The four proposals made in regard to various funds merited careful and serious consideration since they sought to address the liquidity problem directly. The proposal regarding the establishment of a Peace Endowment Fund was related to one of the concerns raised by the Secretary-General in his "Agenda for peace", namely, the Organization's ability to function over the longer term. In principle, his delegation had no objection to the proposal but felt that its success would be related to the Organization's ability to address immediate requirements. The establishment of a temporary Peace-keeping Reserve Fund had essentially the same purpose: to address the problem of start-up costs.

44. His delegation did not believe that separate funds should be established for peace-keeping operations. Instead, the Working Capital Fund should be increased to serve the requirements of both the regular budget and peace-keeping operations. Both should be able to borrow from the Working Capital Fund as and when necessary. His delegation therefore supported the proposal for a substantial increase in the Working Capital Fund. The level of the Fund, however, should not be tied entirely to the level of the budget. His delegation proposed that the Fund should consist of 25 per cent of the regular budget, for which Member States would be assessed, plus voluntary contributions from individuals and corporations. It would be a revolving fund, replenished from the repayments of borrowers.

45. No proposal would absolve Member States from their collective responsibility under Article 17 of the Charter. His delegation felt, however, that the Secretary-General should be authorized to enter into bilateral consultations with Member States whose contributions were outstanding in order to arrive at a flexible timetable whereby such countries could pay off their arrears in monthly instalments over a period of five years. The same flexibility should apply to payments of current contributions: Member States whose pattern of payment pointed to serious difficulties should be allowed to pay in monthly instalments with full payment made within the financial year. Such flexibility would only work, however, if and when those countries whose capacity to pay was never in doubt paid their contributions in full and on time, and if the Working Capital Fund was substantially increased.

46. Ghana welcomed the increased demands made by Member States on the Organization. High expectations meant that the Organization was better poised to work towards the achievement of all the purposes of the Charter, including

(Mr. Dankwa, Ghana)

international cooperation in solving international problems of an economic, social, cultural or humanitarian character. His delegation could not, however, associate itself with any proposal that would in effect release those States which had not paid their contributions from their obligation and increase the burden on those which had faithfully discharged their obligations to the Organization. Member States should resolve to reaffirm their commitment to their collective responsibility, not only in words but in deeds.

47. Mr. SENGWE (Zimbabwe) said that the increasing demands placed on the Organization were not being matched by increased resources. In fact, because States were not paying their dues in full and on time, the Organization was having to dig deep into its meagre reserves in order to meet its expenses and was running out of cash. Only a third of the membership had paid their assessed contributions, and unpaid contributions to the regular budget stood at some $826 million, a large percentage of which was owed by permanent members of the Security Council. That special status of permanent member carried special responsibilities and obligations. In addition, unpaid assessed contributions for current peace-keeping operations totalled $644 million. The net result was that the Organization's credibility was undermined and its ability to respond to crises curtailed. The situation must not continue. Member States must pay their assessed contributions in full and on time. Despite the economic difficulties it was experiencing, Zimbabwe continued to do so.

48. His delegation supported the proposal that interest should be charged on unpaid contributions, as well as the proposed increase in the Working Capital Fund. However, the proposal to authorize commercial borrowing would increase rather than diminish the financial problems of the Organization.

49. Peace-keeping operations had increased significantly since 1987, 13 having been established in the past five years alone. Given the increasing demand for and the unpredictability of such operations, his delegation supported the proposal regarding the establishment of a revolving Peace-keeping Reserve Fund at a level of $50 million, to be used as a start-up fund. The Secretary-General must be given adequate resources to respond in times of crisis. His delegation also supported the proposal that one third of the estimated cost of each operation should be appropriated by the General Assembly as soon as a decision was taken to establish it. The proposal to forgo competitive bidding in some circumstances required further study.

50. That the United Nations required a stable financial basis was not debatable. It was clear that unless a lasting solution was found the Organization would find it difficult to implement the programmes mandated by the General Assembly. The onus was on Member States to pay their dues in full and on time.

51. Mr. Dinu (Romania) resumed the Chair.

52. Mr. MONGBE (Benin) said that the urgency of the situation had prompted the Secretary-General to put forward some bold proposals for dealing with the long-standing financial crisis. However, the proposal that interest should be charged on the amounts of assessed contributions that were not paid on time, although attractive, was not realistic. The late payment of contributions was not always the result of a lack of willingness on the part of States but was due rather to economic and financial difficulties. That was the case, for example, with many of the least developed countries and others which faced enormous budgetary difficulties because of natural disasters or armed conflict. While his delegation urged all such States to make an effort to honour their commitments, it did not feel that they should be charged the kind of penalty that might reasonably be applied to wealthier States.

53. The United Nations was a political organization and could not be run like a private enterprise. The matter should be studied further before any decision was taken. In his delegation's opinion, Article 19 of the Charter, which took the political nature of the Organization fully into account, was sufficient, although the Secretary-General might also approach the States in default.

54. He did not wish to give the impression that his delegation was trying to start from scratch again in the search for a solution; on the contrary, it wished to appeal to each State's conscience in order to breathe new life into the United Nations, which, with the ending of the cold war, had become what it should have been from the start - an institution for the establishment and maintenance of peace. Recognition of the importance of the role that the Organization should play implied the acceptance of new financial burdens. That could only be achieved if States were prepared to abide by their political, moral and financial commitments.

55. His delegation endorsed the Secretary-General's suggestion regarding a levy on arms sales, which would have the double advantage of providing the United Nations with useful resources and discouraging massive arms sales. Such a levy would, of course, require cooperation and political will on the part of both buyers and sellers.

56. Benin had no objection to the proposed Humanitarian Revolving Fund of $50 million. It hoped, however, that it would be subject to the rules whereby the General Assembly was required to authorize expenditures in advance. That would ensure transparency and avoid any suspicion of financial mismanagement. His delegation strongly supported the proposal regarding an increase in the Working Capital Fund to a level of $250 million, as well as the proposal concerning the suspension of certain financial regulations to permit the retention of budgetary surpluses, which could be used for peace-keeping operations pending the receipt of assessed contributions.

57. Although Benin was one of the least developed countries, and had limited resources, it had recently made great efforts and paid off 70 per cent of its debt to the regular budget; it was, moreover, taking steps to clear the rest

(Mr. Mongbe, Benin)

of its debt as soon as possible. His Government was well aware of the heavy demands made on the Organization, particularly with regard to peacemaking and peace-keeping and, to promote sustainable development, and it commended those States which were already up to date with their contributions. His delegation was ready to participate in any consultations that might be organized on the financial crisis and the financing of peace-keeping operations.

58. Mr. ELARABY (Egypt) said that the financial situation of the Organization had worsened in recent months, owing in particular to the initiation or expansion of peace-keeping operations, and noted the Secretary-General's warning that it might not be possible to maintain the Organization's operations unless Member States acted promptly to provide the necessary resources. It was a well-known fact that the deplorable financial situation was due to the failure on the part of a number of Member States to meet their statutory obligations under the Charter. It was unacceptable that unpaid contributions to the regular budget stood at some $826 million, an amount equivalent to 80 per cent of the regular budget assessment for 1992. With only two months left in the year, nearly two thirds of the Member States had not paid their assessments in full. His delegation noted that the efforts by the Secretary-General and his predecessor to remind Member States to pay contributions had failed to produce positive results. It was incumbent upon Member States to meet their obligations towards the Organization.

59. His delegation welcomed the new proposals put forward by the Secretary-General with a view to building a stronger financial base, and expected the debate in the Fifth Committee to lead to the adoption of adequate decisions that would end the crisis. The problem was of the utmost urgency if the Organization was to serve as the central point in the post-cold-war world order. Sound finances were a vital precondition for the effective implementation of all programmes and activities.

60. Peace-keeping operations represented the most costly programme ever undertaken by the Organization, accounting for some $2.5 billion in 1992 alone. Ten of the current peace-keeping operations were funded under the peace-keeping assessment formula and it was estimated that approximately $1 billion was needed for the next six-month period. During 1992, there had been a need for continued borrowing from peace-keeping accounts in order to meet current cash flow requirements for regular budget activities. That situation was alarming.

61. The Secretary-General's proposal regarding the establishment of a revolving peace-keeping reserve fund for the start-up of peace-keeping operations was a practical suggestion. The Organization should be ready to act whenever action was needed. The existence of a reserve fund would help to prevent many conflicts since peace-keeping missions could be dispatched as soon as - or, indeed, before - a conflict erupted. His Government also supported the proposal regarding the establishment of a Peace Endowment Fund of $1 billion.

(Mr. Elaraby, Egypt)

62. With regard to the Organization's expanding role in humanitarian assistance, a complementary central funding mechanism was needed for the initial phase of emergencies. His delegation endorsed the proposal in General Assembly resolution 46/182 regarding the creation of a humanitarian revolving fund in the order of $50 million, to be financed by voluntary contributions. Such a fund would help the Organization to respond rapidly in the event of an emergency. His delegation also supported the proposal in the report entitled "An Agenda for peace" (A/47/277) that the General Assembly should appropriate one third of the estimated cost of each new peace-keeping operation as soon as a decision had been taken to establish it. Lastly, he noted with interest the establishment of a high-level group to examine the financing of the United Nations and he looked forward to discussing its conclusions later in the session.

63. The United Nations was at a crossroads and collective action was needed to make it more efficient and responsive to current needs.

The meeting rose at 12.55 p.m.